

***Delaware Health Resources Board
Meeting Minutes
Monday, November 19, 2018 10:30 AM
Delaware Technical Community College (Deltech Terry Campus)
Del One Conference Room Building
100 Campus Drive
Dover, Delaware 19901***

Board Members Present: Chair Brett Fallon, Esq., Lynn Fahey, Leighann Hinkle, Dennis Klima, John Walsh, Julia O’Hanlon, Carolyn Morris, Yrene Waldron, Edwin Barlow

Board Members Absent: Michael Hackendorn, Vincent Lobo, D.O, Mark Thompson and Ted Becker

Staff Present: Latoya Wright, Elisabeth Scheneman and Joanna Suder

Call to Order and Welcome:

The Chair welcomed the Board members and called the meeting to order at 10: 40 a.m.

Action

September 27, 2018 Meeting Minutes

The meeting minutes were reviewed. Dennis Klima made a motion to approve the minutes. Carolyn Morris seconded the motion; there was a voice vote, no abstentions, no opposing. Motion carried.

Executive Session Meeting Minutes

The Executive Session Meeting Minutes were reviewed. Dennis Klima made a motion to approve the Executive Session Meeting Minutes. John Walsh seconded the motion, there was a voice, no abstentions, no opposing. Motion carried.

Chair Brett Fallon, Esq, recused himself from the meeting before the Beebe Healthcare Specialty Surgical Hospital Certificate of Public Review Application discussion began.

Beebe Healthcare Specialty Surgical Hospital Certificate of Public Review (CPR) Application

Beebe submitted an application to construct a Specialty Surgical Hospital in Rehoboth Beach, DE. The capital expenditure is \$152 million. The Review Committee that reviewed the application was Julia O’Hanlon, Carolyn Morris and Edwin Barlow. Julia O’Hanlon provided the recommendation report to the Board.

Project Summary and Background Information

The proposed Specialty Surgical Hospital will be built on 20 acres of land owned by Beebe Healthcare on John J. Williams Highway, adjacent to its Rehoboth Health Campus and other health care services. Building on this site is part of Beebe’s long term strategy of creating access points to health care services throughout its large geographic service area, making care more convenient, and responding to the population growth that has and is occurring to the west and south of the

Medical Center in Lewes. The land will require rezoning by Sussex County into its newly-approved category for healthcare facilities. The Specialty Surgical Hospital will include all private patient rooms, a requirement for new hospital construction, and a feature that reduces risk of infection, protects privacy, improves patients' experience of their care, and allows for more efficient use of rooms enabling higher occupancy rates. One of the goals of this project is to increase the total number of private rooms available to inpatients served by Beebe Healthcare.

The facility will be fitted out with 12 short stay, private inpatient rooms. Additional unfinished space on the same floor will be available to accommodate 12 additional private inpatient rooms when population growth requires that expansion. Supporting those patients will be four operating rooms, with unfinished space available to add two additional operating rooms as population growth requires it. Outpatients will have seven recover bays, and all patients will be served by 15 pre-operative preparation bays. As required by hospital code, and needed to support the surgical program and short-stay inpatient population; diagnostic imaging, laboratory, pharmacy, and nutrition services are designed into the new facility. A small emergency room will be included as required by hospital code. A helicopter landing pad will be available for emergency transport of patients to other regional centers.

Construction of the Surgical Specialty Hospital will move a portion of inpatients from the Medical Center in Lewes, and enable Beebe Healthcare to remodel more of the rooms at the Medical Center for private occupancy and provide accommodation for medical, ICU and trauma patients. The total number licensed beds for Beebe Healthcare will remain 210. The Surgical Specialty Hospital will be licensed as a general acute care hospital, and will be managed and staffed by the same team that manages and cares for patients at the medical center in downtown Lewes. The facility will include 71,900 square feet and total construction costs are estimated to be approximately \$152 million, including equipment and fixtures.

II. Conformity of Project with Review Criteria

A. Criterion I: The relationship of the proposal to the Health Resources Management Plan.

Beebe Healthcare is a not-for-profit; community-based health system founded 102 years ago. Their charitable mission is to encourage healthy living, prevent illness, and restore optimal health with the people residing, working, or visiting the communities they serve. This mission guides Beebe towards providing care for all in their community, regardless of their ability to pay. Beebe's charity policy formalizes this practice. Beebe is a provider of care to Medicare and Medicaid beneficiaries. The Surgical Specialty Hospital as part of Beebe Healthcare, would operate under this same mission. Beebe is a Medicare and Medicaid participant, and maintain a Charity Care Policy. The health system is accredited by the Joint Commission on Accreditation of Health Care Organizations (JCAHO).

Medicare and Medicaid Service

Beebe Healthcare has a long history as a certified participant provider for both Medicare and Medicaid beneficiaries. Of Beebe Healthcare's total annual expenditures in fiscal 2017, more than 75% was for the provision of care to Medicare and Medicaid beneficiaries.

Charity Care

It is hospital policy that no one will be denied medically-necessary hospital services based upon the patient's ability to pay for those services. Patients with income up to 400% of the Federal

Poverty Level are eligible for charity care or financial assistance. Public notice of their charity care and financial aid are visible within the hospital and ambulatory care settings. Beebe provided Charity Care totaling \$12,854,008 in fiscal 2017 which constitutes 4.1% of their total patient care expenditures.

DHIN Participation

Beebe Healthcare has been a continuous participant with and financial supporter of the Delaware Health Information Network (DHIN) since its inception, and they submit inpatient, emergency, and ambulatory records to the DHIN daily and access care information to support care givers and care coordinators. Beebe Healthcare providers access the DHIN for multiple purposes to include care coordination. In their Population Health Department, Beebe use information from the DHIN to support Care Coordination in their Advance Care Clinic, their C.A.R.E.s Program and for their CMS Medicare Shared Savings Program and CMS Bundle Payment programs. Their Beebe Medical Group providers access the DHIN for information on new and existing patients to get up-to-date records and test results.

Care Coordination

Beebe Healthcare was an early innovator in Care Coordination, developing a Population Health Department in 2013 after consulting with Dr. Jeffery Brenner, a pioneer in the field. The Population Health Department operates an Advanced Care Clinic that provides care coordination and follow up care for patients discharged from the hospital or Emergency Department who do not have a primary care physician, or whose physician is unable to see them within seven days of discharge. All patients discharged from Beebe Healthcare are called by the Advance Care Clinic team.

The Board discussed their appreciation of Beebe's efforts surrounding shared savings programs and bundled payments. It was stated these arrangements do not exist at the Commercial payer level. According to Beebe's application, approximately 63% of their population is Medicare and 37% consist of Medicaid and Commercial payers. It was also noted based on claims from the State of Delaware's Group Health Insurance Plan, services performed in a non-hospital setting costs less than if performed in a hospital setting such as the hospital proposed in this application. It was asked if Beebe is experiencing capacity issues thus the reason for constructing the new specialty hospital. It was stated in Beebe's presentation they mentioned the increase in the population, providing access to care and renovation of the current site were some of the reasons for the decision to construct the new hospital.

Action

There was a motion made to accept the Review Committee's recommendation that the application met criterion I. There was a voice vote, one abstaining, and one opposing. Motion carried.

B. Criterion II: The need of the population for the proposed project.

The population of Sussex County, and in particular South Eastern Sussex County, has grown significantly in the last 10 years and is expected to continue growing. This growth has put a burden on the current healthcare infrastructure, and planning for future demand is at the core of this proposed expansion. Beebe's primary service is the south eastern portion of Sussex County. The

population is projected to grow in this area. Beebe states the elderly population in their primary service area is expected to grow over the next five years.

Incidence and Utilization

While the population in the Primary Service Area has and continues to grow with most of that growth occurring among those 65 years and older, utilization of hospital services is changing. This makes for a dynamic planning environment that requires careful analysis and flexible plans. Average daily census of inpatients at Beebe Healthcare grew 22.3% over three years, from the fiscal year that ended June 2014 to the year that ended June 2017. This rate of growth is unprecedented in Beebe's recent history. The growth was sustained throughout the calendar year, and could not be attributed to seasonal spikes during the flu or summer seasons. Average daily census peaked in fiscal 2017 at 151.3 which strained the hospital. It operates an average of 155 beds. Inpatient census has begun to taper off in the current fiscal year to an average of 141.5, but remains 14.5% higher than in 2014.

While population growth has spurred inpatient growth, Beebe Healthcare has initiated many programs to help reduce hospital utilization. These include a team of care coordinators in their Advance Care Clinic, which focuses on lowering readmissions, and the Beebe C.A.R.E.s program that lowers utilization of those that are high utilizers of the emergency department and inpatient services. Beebe has participated in the Medicare Shared Savings Programs since 2014, which address unnecessary high cost hospital and outpatient utilization. The program also focus on medical management through increased access to primary care. Inpatient programs standardize care plans as well as streamline and improve the quality of discharges are also in place.

These programs have begun to show results. Beebe has lowered the Average Length of Stay for acute care patients from 4.46 in the fiscal year that ended June 2017 to 4.26 year-to-date in fiscal 2018. This results in an annualized average daily census that is 5.8 people lower than last year. In addition, improved care coordination and discharge follow up has helped Beebe to reduce the number of readmission within 30 days of discharge, resulting in one less person per day in the hospital, on average.

Reductions in Potentially Avoidable Admissions

These are admissions for mostly chronic conditions that if managed well in the ambulatory setting can avoid the need for a hospital stay. This will reduce the average daily census by another 1.4 patients at Beebe Healthcare. Though these quality efforts have a positive result for the people they serve, the population growth counters these measures, requiring Beebe to maintain and plan for growth of its inpatient capability. At this time, Beebe is still serving inpatients in a wing of the hospital built more than 50 years ago

The Board discussed Beebe's utilization and average daily census decreasing. It was stated that based on Schedule 6 of the application which provides the Bed Use Data, Beebe's occupancy rates have declined. This information is assumed that there may not be limitations regarding Beebe's current capacity.

Action

There was a motion made to accept the Review Committee's recommendation that the application met criterion II. There was a voice vote, three abstentions, and no opposing. Motion carried.

C. Criterion III: The availability of less costly and/or more effective alternatives to the proposal, including alternatives involving the use of resources located outside the State of Delaware.

The goals of this project include:

- Increasing the number of private rooms available to inpatients served by Beebe Healthcare.
- Meeting the demand for convenient access to care of a population that is growing to the west of Route 1 and south of Lewes.
- Providing for innovative surgical care that is designed purposefully to support extremely efficient operations that are required by insurers and private payers for healthcare.
- Grouping like-patients to enable better implementation of standardized care protocols and processes to improve outcomes and patient experience.

Beebe states there are no feasible less costly alternatives to achieve these goals. After multiple planning scenarios that started in the fall of 2014, Beebe Healthcare has concluded that the best path on this long journey is to not expand capacity for inpatient care at the Medical Center in Lewes. The Medical Center campus is not conveniently located to the population centers that are growing in Beebe's community. It is extremely costly and disruptive to build on their current campus, attaching to current structures. The site includes only 13 acres. There is insufficient space for a project of this size to accommodate construction vehicles and staging areas while also accommodating patients and staff. The small size of the campus, located in-town Lewes, has limited long term growth potential. And the service area is growing mostly to the west of Route 1 and south of the town where the Medical Center is located. In addition, Beebe is confident that dis-aggregating elective surgical patients from the Medical Center will allow for exciting innovations in medical care that will support the triple aim of better quality, lower cost, and improved patient experience.

The Board discussed Beebe's occupancy rate being 66% at the end of fiscal year 2018. It was asked if the Board can retrieve current occupancy rates from Beebe. It was advised by the DAG that it would be unwise to ask Beebe for this information as they have not had time to prepare a response to that particular question. There was concern if this proposal would be achieving the triple aim as it relates to reducing the costs of healthcare. It was stated that Beebe has experienced incidences in the past with infections in which incorporating private rooms will assist with that issue. This could potentially reduce the cost of healthcare.

Action

There was a motion made to accept the Review Committee's recommendation that the application met criterion III. There was a voice vote, one abstaining, and one opposing. Motion carried.

D. Criterion IV: The relationship of the proposal to the existing health care delivery system.
Relationship to Current Healthcare System

The proposed Specialty Surgical Hospital is a product of three-and-a-half years of health services planning by Beebe Healthcare. It is an integrated and innovative strategy to distribute care to key sites throughout the large geographic area served by Beebe. The new hospital will increase

convenient access to healthcare consumers; group like-patients together to support efficient, focused care design; and reduce reliance on the high-cost, general acute care hospital as the hub of healthcare services.

As part of Beebe Healthcare, the Specialty Surgical Hospital will be part of the ongoing clinical partnerships that Beebe has, including the 52 organizations with which the health system has transfer agreements. These include all the tertiary hospitals in Delaware, Hospital of the University of Pennsylvania, Jefferson University Hospital, Nemours A.I. DuPont Children's Hospital, Children's Hospital of Philadelphia, and many others. Beebe is also a member of eBright Health, a partnership of five health systems in Delaware that are working collaboratively on a variety of initiatives to share learning, standardize care, improve outcomes, and lower cost. These include choosing wisely protocols, developing opioid addiction treatment protocols, and developing a coordinated network with post-acute providers like skilled nursing facilities. Beebe does not anticipate any negative impact on the employment or availability of healthcare services at other providers in the region. The addition of a Specialty Surgical Hospital will provide a convenient, high quality choice for patients who are best served with healthcare services close to the homes where they can recuperate and return to their optimal health.

The Board discussed Beebe's affiliation with eBright Health. It was stated this organization provides care transformation strategies focused on the Medicare population with chronic diseases. While the Board applauds Beebe's affiliation with this organization, it is encouraged that they explore the care transformation strategies across the non-Medicare population. It was also reiterated that the population can be better served in a non-hospital setting which is less costly. There was also a discussion surrounding Beebe's increase in their utilization due to attracting more patients to the new Specialty Hospital. It was stated Beebe's may be anticipating this increase due to attracting patients from Peninsula Regional Medical Center, Atlantic General and Nanticoke. It was also stated that Beebe does have referral arrangements with other hospitals and perhaps cases would be transferred to those hospitals if Beebe is unable to provide the care.

Action

There was a motion made to accept the Review Committee's recommendation that the application met criterion IV. There was a voice vote, no abstentions, and two opposing. Motion carried.

E. Criterion V: The immediate and long-term viability of the proposal in terms of the applicant's access to financial, management and other necessary resources.

The current and projected demand for short-stay and outpatient surgical care in Beebe's primary service area is sufficient to support construction and operation in the Specialty Surgical Hospital. Population growth and slight growth in market share in the Primary Service Area are assumed in these projections. In the first year of operation, total patient care revenues are projected to be \$43.2 million, with operating expenses of \$36.9 million. This project primarily moves patients who would have been treated at the Medical Center in Lewes, to a more convenient location with private rooms and efficient design and patient flow. Beebe Healthcare does project to serve more surgical patients in this new facility than it currently does at the Medical Center in Lewes. Their market share data¹ suggests that as many as 560 patients travel out of Beebe's Primary Service Area for surgical care (i.e., general, orthopaedic, gynecology, and urology surgery). Beebe anticipates that a portion of these patients will choose to get their care at Beebe once the facility is constructed.

¹ Claims data supplied by Crimson Market Advantage, a service of The Advisory Board.

This represents only \$3.1 million in incremental patient care revenue in the first full year of operation, growing to \$4.4 million in the second year. Some of this will be at outpatient payment rates. This revenue is sufficient to cover direct incremental expenses of \$2.9 million and \$4.3 million in the first and second years of operation, respectively. Additionally, the net revenue will contribute to the incremental cost of depreciation and interest expense, but will not cover it entirely. For the last two fiscal years (ending June 2017 and June 2016) Beebe Healthcare has maintained a 4.9% and 4.2% operating margin, respectively (Attachment D.4 – Beebe Medical Center Inc. CFS 17-16). It is the positive operations, experienced management team, strong market performance in the Primary Service Area, and the projected growth of the population, that will support Beebe’s strategy to issue a tax exempt bond in mid-2018 to borrow the capital needed for this project.

The Board discussed Beebe’s financial impact for the first year of operation noting that Beebe projects a high profit margin during the first year. It was mentioned that this could be an overstatement. The Board also discussed opportunity for Beebe to participate in bundled payment arrangements for commercial payers based on the projected profit margin.

Action

There was a motion made to accept the Review Committee’s recommendation that the application met criterion V. There was a voice vote, one abstention, and two opposing. Motion carried.

F. Criterion VI: The anticipated effect of the proposal on the costs of and charges of healthcare.

The application for the proposed project includes the following projected costs during its first full year of operations:

Financial Impact (first full year of operations)

Estimated effect on annual expenses:	\$ 36,969,100
Estimated effect on annual revenue:	\$ 43,251,000
Estimated effect on individual charges:	\$ 0

Beebe Healthcare does not anticipate any direct impact on the individual charges or costs to insurers or payers for the patient care delivered at the proposed Specialty Surgical Hospital. The purpose-designed space will be efficient to operate because of its focus on elective surgical patients both inpatient and outpatient. The new design and construction will also be more efficient on energy consumption than the older infrastructure at the Medical Center in Lewes. Beebe is actively committed to value-based care initiatives that are focused on the triple aim of improving care, care experiences, and lowering total costs.

It was stated that Beebe submitted supplemental information in writing to share with the Board regarding clarification on items listed in Schedule 4 Statement of Revenues and Expenses. It was in the application to include financial information and recruiting efforts. The Board reviewed the information during the meeting. This information was requested based on previous discussions from their prior application. The Board also reviewed and discussed Schedule 4 in which it was stated the projection of revenue by Beebe may have been over optimistic. It was also noted that the Board must take into consideration that Beebe provide estimates considering the market share.

Action

There was a motion made to accept the Review Committee's recommendation that the application met criterion VI. There was a voice vote, two abstentions, and two opposing. Motion carried.

G. Criterion VII: The anticipated effect of the proposal on the quality of health care.

The proposed Specialty Surgical Hospital will impact quality and patient experience on a variety of measures:

- Standardized operating room and patient room design will enable consistent work flow for physicians and nurses, reducing variation in physical layout that can undermine consistent application of protocols and workflow.
- Adequate patient room size will support bedside care while also including family and caregivers who are important for patient engagement and healing.
- The all-private-room model will protect patient privacy, improve patient satisfaction with their experience, and reduce risk of infection inherent in dual occupancy rooms.
- The focus on scheduled surgical patients will enable teams to hone standardized protocols for these patients, lowering infection risks, improving recovery times, reducing length of stay, expediting discharge processes, and enhancing patient experience.

Moving scheduled surgical patients to the new Specialty Surgical Hospital will allow the teams at the Medical Center in Lewes to focus on standardized protocols for those unique patients, supporting management of length of stay, improving discharge for medically complex patients, allocating resources to high risk patients in the ICU, and addressing the needs of emergency patients. Services at the Specialty Surgical Hospital will be available to all members of the community.

The Board discussed Beebe's improvements to reducing infection control, the conversion to single occupancy rooms and their participation in the Medicare shared programs and bundled payment arrangements improving the overall quality of health care to the population.

Action

There was a motion made to accept the Review Committee's recommendation that the application met criterion VII. There was a voice vote, one abstention, and no opposing. Motion carried.

Other Review Considerations

The application also addressed other review criteria such as offering economies and improvements in the delivery of service such as offering a reduction in travel times for work and patient work flow. With the improved layout, reduce travel distances and technology support, the new facility will enhance health care needs. The new facility will also employ energy conservation principles in the design as well as adhere to ADA architectural guidelines.

Action

There was a motion made to accept the Review Committee's recommendation to approve the Certificate of Public Review application submitted by Beebe to construct a new Specialty Surgical

Hospital in Rehoboth Beach, DE. There was a voice vote, no abstentions, two opposing. Motion carried.

2017 Delaware Nursing Home Bed Need Projections

Dr. Allison Shevock presented the 2017 Delaware Nursing Home Bed Need Projections. The presentation was accompanied by the 2017 Delaware Nursing Home Utilization Statistics Report. The 2017 Delaware Nursing Home Utilization Report reflects data from January to December 2017. This data is used to project future nursing home bed need. The 2017 bed count is used to project the need for the 2018-2023. The increase in bed capacity or the construction of a nursing home are requirements for a Certificate of Public Review process. The methodology for the nursing home bed projections are outlined in the Health Resources Management Plan. According to the Delaware Population Consortium, Delaware is expected to experience an increase in the population in all three counties. The PowerPoint presentation reflected the following information below:

Overall Population Growth in Delaware

	2015	2020	2025	2030	2035	2040	2045	2050	2015-2050 Percentage Increase
Delaware	949,337	989,665	1,019,558	1,045,587	1,065,047	1,078,927	1,088,769	1,095,621	15.4%
New Castle	556,999	574,407	589,665	600,076	607,078	610,640	611,460	609,921	9.5%
Kent	176,716	184,920	189,023	196,219	201,960	206,861	211,271	215,279	21.8%
Sussex	215,622	230,338	240,870	249,292	256,009	261,426	266,038	270,421	25.4%

Source: Annual Population Projections, Delaware Population Consortium, Version 2017.0, October 2017

65+ Population Growth in Delaware

	2015	2020	2025	2030	2035	2040	2045	2050	2015-2050 Percentage Increase
65-69	50,681	55,887	62,885	64,961	62,361	58,850	57,923	63,515	24.7%
70-74	37,811	47,464	51,825	58,494	60,510	58,089	54,942	54,293	43.6%
75-79	26,917	33,664	41,931	45,918	51,841	53,681	51,598	48,987	82.0%
80-84	18,872	22,285	27,711	34,747	37,999	42,894	44,520	42,896	127.3%
85+	19,378	23,467	27,578	33,873	42,493	49,426	56,270	60,755	213.5%

Source: Annual Population Projections, Delaware Population Consortium, Version 2017.0, October 2017

The population projections show that overall from 2015-2050, Delaware is expected to experience a 15.4% population growth. Kent and Sussex Counties are expected to experience the highest growth. The population is also expected to increase among the 65+ population. The population projections for this population are segmented into 5 year age groups to analyze the trend from 2015-2050. The trend shows the older cohort, the larger the increase in population is projected.

The age group with the largest increase in population is the 85+ category with an expected increase of 213.5% from 2015-2050. To evaluate in-depth the population projections among each group, the cohorts are segmented by each county.

65+ Population Growth in Delaware by County

Delaware		2020	2030	2040	2050	2020-50% increase
	65-69	55,887	64,961	58,850	63,215	13.1%
	70-74	47,464	58,494	58,089	54,293	14.4%
	75-79	33,664	45,918	53,681	48,987	45.5%
	80-84	22,285	34,747	42,894	42,896	92.5%
	85+	23,467	33,773	49,426	60,755	158.9%
New Castle						
	65-69	30,926	36,326	31,538	34,542	11.7%
	70-74	24,409	32,388	31,474	29,179	19.5%
	75-79	15,987	24,691	29,256	25,776	61.2%
	80-84	10,570	17,381	23,184	22,884	116.5%
	85+	12,080	15,870	25,026	32,429	168.5%
Kent						
	65-69	7,769	9,733	11,512	10,588	36.3%
	70-74	6,254	8,175	10,078	9,793	56.6%
	75-79	4,901	5,986	7,693	9,102	85.7%
	80-84	3,413	4,180	5,684	7,031	106.0%
	85+	3,272	4,344	5,780	7,697	135.2%
Sussex						
	65-69	17,192	18,902	15,800	18,085	5.2%
	70-74	16,801	17,931	16,537	15,321	-8.8%
	75-79	12,776	15,241	16,732	14,109	10.4%
	80-84	8,302	13,186	14,026	12,981	56.4%
	85+	8,115	13,659	18,620	20,629	154.2%

Source: Annual Population Projections, Delaware Population Consortium, Version 2017.0, October 2017

The presentation also provided an overview of Long-Term Support Services (LTSS) Categories:

Home Care Services

- Family caregiving
- Home health care (wound care, medication management, physical therapy)
- Homemaker services
- Home telehealth
- Home-based hospice care

Community Services

- Adult day care / Senior Centers
- Home care agencies
- Transportation services
- Meal services
- Retirement communities

Assisted Living Facilities

- 24-hour supervision
- Assistance with ADLs
- Medication management
- Homemaker services
- Social / recreational activities

In Delaware, not included in CPR process

Nursing Home Facilities

- 24-hour supervision
- Comprehensive skilled nursing care for chronically ill or rehabilitating residents
- Respite care

In Delaware, included in CPR process

It was stated even though Assisted Living facilities are not required to go through the CPR process in Delaware, it would be beneficial to look at the Assisted Living data to gain further insight in the shifts of the health care continuum.

Delaware Assisted Living Facilities and Nursing Homes

	Assisted Living (2018)	Nursing Home (2017)	Ratio (AL Beds : NH Beds)
New Castle County			
Facilities	22	28	
Beds	1,313	2,719	0.483
Kent County			
Facilities	4	7	
Beds	373	883	0.422
Sussex County			
Facilities	6	11	
Beds	495	1,264	0.392
Delaware			
Facilities	32	46	
Beds	2,181	4,866	0.448

Delaware Nursing Home Licensed Bed Count

In 2017, there were 4,583 licensed beds in private facilities and 283 licensed beds in public facilities. In total, there were 4,866 licensed beds for all facilities.

Occupancy Rates

In Delaware, occupancy rates for private nursing home facilities ranged from 56.7%-97.8% (median: 90.5). In 2015, the U. S. average rates were 80.3%.

Delaware Nursing Home Occupancy Rates

Year	Private Facilities				Public Facilities	All Facilities
	New Castle	Kent	Sussex	Total Private		
2007	90.2%	76.5%	89.1%	87.9%	62.5%	84.7%
2008	91.4%	88.9%	80.3%	87.7%	62.9%	84.7%
2009	89.6%	93.5%	89.7%	90.2%	60.2%	86.5%
2010	91.1%	93.3%	89.3%	90.9%	63.9%	87.7%
2011	90.3%	93.6%	88.5%	90.3%	61.0%	86.8%
2012	91.1%	89.5%	87.5%	89.8%	54.3%	85.8%
2013	89.0%	89.1%	87.8%	88.7%	51.5%	84.9%
2014	90.1%	91.5%	90.9%	90.5%	64.1%	88.5%
2015	89.8%	92.5%	89.4%	90.1%	67.7%	88.7%
2016	89.2%	90.7%	88.7%	89.3%	67.8%	88.0%
2017	89.6%	86.7%	88.8%	89.0%	67.5%	87.7%

Rebalancing Long Term Care Services (LTSS) in the U.S.

It was stated in the past two decades, there has been gradual rebalancing of LTSS toward consumer-preferred Home and Community Based Services. (HCBS) According to national statistics, there has been an emphasis on community integration for seniors. There is an increased number of and access to HCBS. There is a gradual decline of Nursing Homes and Assisted Living facility occupancy rates in the U.S.

Billable Patient Days

Billable patient day is a unit of time (i.e. one day) during which the facility's services are used by one patient. For example, if a nursing home has 100 patients on a particular day, the facility has generated 100 billable patient days for that particular 24-hour period. If a facility's number of billable patient days increased from one time period to the next, it is an indication of one of the following:

- Caring for more patients
- Caring for patients for longer periods of time; or
- A combination of both factors.

In 2017, there were a total of 1,488,482 billable patient days in private nursing homes and 69,703 billable patient days in the public nursing homes. Historical trends in billable patient day data corresponds to increases/decreases in licensed bed counts.

Delaware Nursing Home Admissions

In 2017, there were a total of 12,023 nursing home admissions in private nursing homes and 35 admissions in public nursing homes. White patients represented 80% of all DE NH admissions in 2017. Discharge trends mirror admission trends. Increases in bed counts and billable patient days were strongly correlated across all three counties. Admissions increased at a higher rate than would be expected by bed expansion alone.

Delaware Nursing Home Bed Need Projections

The Health Resources Management Plan has a methodology that consists of six steps:

1. Obtain annual billable patient day data (by state and county)
2. Calculate projected population growth factors by age group (by state and county)
3. Calculate the proportion of NH admissions by age group (<65, 65-74, 75-84, and 85+) and use these proportions to calculate a weighted sum of population growth factors
4. Multiply weighted population growth factor by current year billable patient days to obtain projected billable patient days for the last year of the projection period (i.e., for 2020 or 2021)
5. Divide projected billable patient days by 365 to obtain projected bed need
6. Calculate the difference in current and projected bed need to obtain the projected shortage / surplus of NH beds (by state and county)

Delaware			
	Current Beds (2017 Calcs)	Projected Bed Need	Shortage / Surplus
2018-19	4,866	4,896	-30
2018-20	4,866	5,035	-169
2018-21	4,866	5,179	-313
2018-22	4,866	5,322	-456
2018-23	4,866	5,470	-604
Kent			
	Current Beds (2017 Calcs)	Projected Bed Need	Shortage / Surplus
2018-19	624	631	-7
2018-20	624	650	-26
2018-21	624	668	-44
2018-22	624	682	-58
2018-23	624	679	-55
New Castle			
	Current Beds (2017 Calcs)	Projected Bed Need	Shortage / Surplus
2018-19	2,809	2,832	-23
2018-20	2,809	2,900	-91
2018-21	2,809	2,977	-168
2018-22	2,809	3,055	-246
2018-23	2,809	3,156	-347
Sussex			
	Current Beds (2017 Calcs)	Projected Bed Need	Shortage / Surplus
2018-19	1,432	1,429	3
2018-20	1,432	1,480	-48
2018-21	1,432	1,529	-97
2018-22	1,432	1,579	-147
2018-23	1,432	1,634	-202

The latest projections predict shortages in nursing home beds over time. The magnitude of bed shortages are in New Castle and Sussex Counties. Mathematical equations to predict nursing home bed need do not incorporate broad LTSS trends.

The Board discussed possibly the need to add Assisting Living facilities in the Certificate of Public Review process. It was also mentioned that there has been shifts in acute care and lengths of stays decreasing as well as the nursing home bed need methodology not taking into consideration managed care. People are seeking home and community based services. Also it was stated that the nursing home utilization report and assisted living reports will be modified to include the population under 65 to capture the need for a broader age group.

Action

There was a motion made to accept the current Nursing Home Bed Need Projections (2018-2023) presented to the Board. There was a voice vote, one abstention, and no opposing. Motion carried.

Upcoming Items Before the Board

Notice of Intent Meadowwood Bed Expansion

Meadowwood Behavioral Health submitted a Notice of Intent on October 2, 2018 to add 20 new psychiatric beds to its 100 licensed bed facility in New Castle County. These beds will be housed in a section of the facility currently offering a full complement of psychiatric and substance abuse services to adolescents, adults and senior adults. The capital expenditure is \$5 million. The application will be submitted soon.

Notice of Intent Bayhealth Freestanding Emergency Department in Lewes

Bayhealth submitted a Notice of Intent on October 19, 2018 to construct a Freestanding Emergency Department in Lewes on the Bayhealth property located between Georgetown and Lewes on the Route 9 corridor. The Freestanding Emergency Department will provide much needed access to emergency care in one of the fastest growing areas. With the exception of those services requiring the support of an acute care hospital (trauma, surgery, inpatient beds), the proposed facility would mirror the services of a hospital-based emergency department by providing similar levels of diagnostic and emergency care. The capital expenditure is \$15million. The anticipated filing date of this application is January 2019.

Other Business

On November 16, 2017, the HRB approved Christiana's application to construct a cardiovascular structural laboratory at Christiana Hospital. Christiana provided a progress update for review.

The highlights of the report are as follows:

- The report shows the budget and expenditures to date. The laboratory is being constructed in a shell space in the heart and vascular services department on the second floor of the Christiana Hospital Emergency Department.
- Due to the complexity of the equipment installation, there has been extensive survey and coordination work done by the design consultants in conjunction with the multidisciplinary clinical team.
- The complexity of the project, however has caused the schedule of implementation to run approximately three to four quarters behind the anticipated timeline.
- An outline of the room is included in the progress report.

- Christiana Care anticipates signing a construction contract in mid-November.

The Board discussed the information provided in the report and requested further clarification for the reason for the project's delay.

Action

Yrene Waldron made a motion to request further clarification regarding the reason for the delay in the schedule of implementation. John Walsh seconded the motion, there was one abstention. Motion carried. Staff will send a request to Christiana Care for further clarification which will be provided at the next Health Resources Board meeting.

Public Comment

Alex Syndor from Beebe thanked the Board for their review and approval of the Specialty Surgical Hospital. He appreciated the dialogue among the Board members during the review of the application. Mr. Syndor pointed out that there seems to be a disconnect between the information requested in the application and what the Board actually needs during their review process as it relates to criterion six, the cost of care. He also stated there may be opportunity to improve the application document so that the supporting schedules support the CPR criteria. This seems to be quite a challenge to the applicant during the review process.

Adjourn

The meeting adjourned at 12:26 p.m.

Next Meeting

January 24 2019

Guests Attended

Corinna Getchell	Delaware Health and Social Services
Robert H. Smith	Delaware Health and Social Services
Alex Syndor	Beebe Healthcare
Kristy Hull	Delaware Surgery Center
Meg Williams	Delaware Healthcare Association
Stacy Massaoni	Bayhealth
Debbie Hamilton	HGP
Lauren Becher	Christiana Care
Felicia Risick	Meadowood